

Cites Enormous Success of Medicare and Vows to Ensure Medicare Is There for Future Generations

Washington, DC -- On July 30, 1965, President Lyndon Johnson signed Medicare into law. He traveled all the way to Independence, Missouri to sign the bill so that he could do so in the presence of former President Harry Truman, who had also championed Medicare. Today, 46 years later, Congressman Maurice Hinchey (D-NY) is continuing to champion Medicare, but says the program has come under threat from ideologically motivated politicians who wish to eliminate it.

"Those on the far right have worked to eliminate Medicare ever since Democrats created it 46 years ago," said Hinchey. "But I'm working to make sure that doesn't happen. Creating Medicare was one of the proudest achievements of the Democratic Party. That's why we've got to stand firm and stop the attacks on this essential and effective program. I'm going to keep up the fight to protect Medicare so that it serves our country just as well in the next 46 years as it did in the last."

When he signed Medicare into law, President Johnson pointed out what Medicare would mean: "No longer will older Americans be denied the healing of modern medicine. No longer will illness crush and destroy the savings that [seniors] have so carefully put away over a lifetime so that they might enjoy dignity in their later years. [And] no longer will young families see their own incomes, and their own hopes, eaten away simply because they are carrying out their deep moral obligations to their parents."

"Too many people have forgotten what life was like in the United States before Medicare existed," Hinchey added. "In 1964, only 51 percent of Americans over 65 had health care coverage – whereas today, because of Medicare, coverage is virtually universal. In addition, the creation of Medicare has played a role in the poverty rate among seniors dropping dramatically. Nearly 30 percent of seniors lived below the poverty line in 1964 – and today that number has dropped to 7.5 percent. Furthermore, Medicare has contributed to the life expectancy of Americans increasing significantly."

Medicare provides comprehensive health care coverage to 47 million Americans, including 39 million seniors and 8 million people under 65 with disabilities. Medicare is also enormously

popular with seniors and people with disabilities – with Medicare beneficiaries more satisfied with their coverage than Americans with private insurance. Medicare provides a guaranteed set of benefits and affordable premiums.

In April, House Republicans passed a budget that would end Medicare and replace it with a system where seniors would get a voucher to buy private insurance, for all Americans now under 55. The Congressional Budget Office (CBO) estimates that the Republican voucher plan would not nearly cover the full cost of care, costing seniors an average of \$12,500 per year in out-of-pocket costs. The new program would go into effect in 2020 and the savings realized from getting rid of Medicare will be used to afford large tax breaks for corporations and millionaires, which are also included in the Republican proposal.

To preserve Medicare for future generations and address the long term fiscal health of the country, Hinchey has highlighted four actions that can be taken immediately to save hundreds of billions without cutting Medicare coverage:

- Increase the use of generic prescription drugs by prohibiting brand name drug manufacturers from paying generic manufacturers to delay the production of generics.
- Allow Medicare to negotiate for lower prescription drug prices, saving \$156 billion over 10 years.
- Improve coordination of care by increasing oversight of physician prescribing practices. With seniors often being prescribed so many medications by multiple doctors, better oversight would save money and improve care.
- Enhance measures to combat fraud and inefficiency. Last year, Hinchey's Middletown office helped expose a \$163 million Medicare scam. As much as 20 percent of Medicare spending, as well as private health care spending, goes to waste, inefficiency, fraud, and unnecessary procedures.

Prior to the creation of Medicare, health insurance was out of reach for millions of American

seniors. As a group, seniors incur higher than average health care costs and were often denied coverage for that reason. Today, Medicare covers roughly three-quarters of seniors' health care expenses, but CBO found that if the Republican plan were enacted only one-third of medical expenses would be covered and seniors would have to pay two-thirds of the costs out-of-pocket. Due to its size, Medicare is able to negotiate with providers to determine a payment amount that allows Medicare beneficiaries the greatest amount of access to care. It is unlikely that a market-based system would realize similar costs savings.

The Republican plan also cuts nursing home and assisted living services with a \$771 billion cut to Medicaid over 10 years. The program currently pays for 62 percent of all long-term care services. The plan also cuts the Social Security Administration by \$10 billion over the next decade and reinstates gaps in prescription drug coverage through Medicare Part D, which are currently set to be closed by 2020 as a result of legislation Hinchey voted for.

In June, Hinchey lead a group of 67 U.S. House members in calling for bulk-rate negotiation of prescription drug prices -- a plan that would save the federal government at estimated \$156 billion over ten years.